

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF THE BRISTOL COUNTY WATER AUTHORITY

November 14, 2012
450 Child Street, Warren Office, Warren, RI

Pursuant to proper notice, the regular meeting of the Board of Directors of the Bristol County Water Authority was called to order by Chairman Klepper at 5:15 pm, 450 Child Street, Warren Office, Warren, Rhode Island. Executive Director Pamela Marchand, Legal Counsel Ms. Sandra Mack and the following Directors were in attendance at the commencement of the meeting:

Robert Allio, Paul Bishop, Joseph DeMelo, Kevin Fitta, William Gosselin, John Jannitto, Allan Klepper, Raymond Palmieri, Sr., Frank Sylvia

Directors Absent: None

B. Public Input — No public input.

C. Action Vote

1. Retiree Benefits — OPEB, A statement was read by Mr. Alvaro Cabral, BCWA retiree, asking that no changes be made to the Retirees benefits.

Manager of Accounting and MIS M. Champagne, explained the proposed changes to Group Life Insurance and Blue Cross for retirees, and recommended that the Board adopt the proposals before them

Director Bishop made the following motion

MOTION: That the Authority adopt the recommendation of management that change benefits for current and future retirees relating to Group Life Insurance effective January 1, 2013 to (i) provide current and future retirees a flat \$50K benefit until age 65, at which time the benefit will be reduced to \$25K to age 70; and thereafter, the guaranteed death benefit would be eliminated for retirees after reaching the age of 70; and (ii) to pay each retiree that obtains 70 years of age who is living a stipend payment of \$500 per year for a period of 5 years initiating December 1, 2012 in lieu of group life insurance benefit that is eliminated and otherwise in accordance with the BCWA proposal for changes to Retiree Benefits dated October 10, 2012

Motion was seconded by Director Allio.

Motion passed 6- 3. Voting Aye Chairman Klepper, Directors Palmieri, Bishop, Fitta, Gosselin and Allio. Voting Nay Directors DeMelo, Sylvia and Jannitto.

Director Allio made the following motion

MOTION: That the Authority adopt the recommendation of management that change health insurance benefits for retirees as follows: (i) Retirees will pay 6% of the cost of health coverage for year 1; 12% of the cost of health coverage for year 2; 18% of the cost of health coverage for year 3; and 20% of the cost of their health coverage for year 4 and each year thereafter; and (ii) implementation, immediately that no health coverage will be available to a retiree if a spouse of such retiree has similar insurance coverage available to such spouse; and (iii) Any retiree who wishes to obtain family coverage will contribute 100% of the difference between the cost of the "Family Plan" and the cost of "Individual & Spouse" plan; and (iv) A retiree/spouse with private coverage will be limited to reimbursement in an amount only equal to the amount of the cost of the current BCWA plan in force.

Director Gosselin seconded the motion.

Motion passed 8— 1. Voting Nay Director Jannitto.

Director Jannitto explained his vote, that he has given his word to the retirees 4 years ago that he would continue their benefits, and he felt a vote in favor of the proposal would break that commitment.

M. Champagne will notify retirees of these changes, which will go into effect effective January 1, 2013.

2. Rate Study Presentation, Mr. Michael Maker of Municipal and Financial Services Group outlined the various rate structure policy issues. Chairman Klepper stated that the revenue plan must be modified to 12% rate increase the first year then 4% for the next four years. Board consensus was for alternative 3 for rate structure, as it provided a straight forward calculation and would be easier for the customer to understand.

The chairman noted that the Town Councils should be notified and a public hearing will be held concerning the rate increases.

3. Funding of Pension Plan, BCWA's pension plan is 93% funded.

M. Champagne stated that BCWA is currently funding the pension plan \$180,000 per year (\$15,000 per month), and that the monthly payment should be increased by \$120,000 for the remaining period of time of the pension plan year which ends on June 30. (7 months).

Director Allio made the following motion

MOTION: To adopt the recommendation of management to increase the pension contribution to \$300,000 for period ending June 30, 2013.

Director Allio amended his motion

AMENDMENT: To increase the amount contributed to the pension plan commencing December, 2012 by an additional \$17,500 per month (for a total monthly contribution of \$32,500 per month) for the 7 months remaining in the f pension year ending June 30, 2013..

Director Palmieri seconded the motion.

The Motion, as amended passed unanimously.

4. Leak Detection Funding, Executive Director P. Marchand stated an RFP for Leak Detection has gone out to bid for a cost of \$30,000 and is not in this year's budget. The bid is to survey the entire system, and she requested a change to the operating budget and approval for leak detection survey to be done.

Director Sylvia made the following motion

MOTION: To approve \$30,000 for the successful bid contractor to perform leak detection survey.

Director Palmieri seconded the motion.

Motion passed unanimously.

Executive Director P. Marchand made a statement to the Board.

Ms. Marchand stated that there is news story circulating as to why she left Providence Water, and that her lawyer advised her to make no comments to reporters. She noted that she worked as Chief Engineer and General Manager for 6 years at the Providence Water Supply Board, and worked for the Pawtucket Water Supply Board. A new administration came in one year ago and had a different philosophy for operating Providence Water. She noted that her employment contract stated that the Administration could fire her without cause, and that the Administration bought out the remainder of her contract, this was a political decision. She concluded by noting that the Executive Director position opened at BCWA and that she is very pleased to be with the Authority..

The Executive Director thanked the Board for their support.

5. Executive Director Evaluation Attributes, Chairman Klepper stated that Director Allio had recommended additional items be added to the evaluation form.

Director Allio recommended that a committee be established to make sure that the senior executive group is performing, to review the overall compensation program of the Authority, and to provide for succession planning for the authority and development and training programs.

Chairman Klepper stated that the Executive Director evaluates all managers, not the Board. The Executive Director recommends all non union rate increases to the Board. There is no formal succession plan due to size and slow staff turnover.

Director Palmieri asked to review past compensation reports.

Executive Director stated she is updating employee job description and then the compensation can be reviewed.

Director Gosselin stated that last staff increase was three years ago.

Director Palmieri stated that the current MBO form was more suited to an operator not an executive level position. Director Allio stated that the MBO also does not identify specific performance objectives. Chairman Klepper explained the form and how it was used in past evaluations..

Director Allio stated that he would like to have specific measures for managers and the Executive Director and similar objectives for the company.

Director Jannitto made the following motion

MOTION: To Re-Establish Personnel Committee comprised of one member from each community and to report back to the Board in six months after studying the existing and revised Legislation, By-Laws and Rules & Regulations.

Director Sylvia seconded the motion.

Executive Director noted that she will evaluate management staff and report to the Board.

Chairman Klepper stated that he and Director Gosselin will evaluate the Executive Director.

Director Jannitto withdrew his motion, Director Sylvia withdrew his second.

6. RFP — Pension Fund Investment Services, M. Champagne stated the RFP would be ready for the next meeting.

7. RFP — Auditing Services, Director Allio made the following motion

MOTION: To establish a subcommittee of the board to select the auditor, evaluate performance of the auditor and deal with other matters relating to the audit, and that counsel be directed to amend the By-Laws of the Authority to establish the Auditing Subcommittee as a standing committee not an ad hoc committee.

Director Gosselin seconded the motion.

Motion passed unanimously.

Chairman Klepper appointed Directors Allio and Palmieri to the Audit Subcommittee .

8. RFP — Legal Services, Chairman Klepper stated that BCWA had received 7 responses. A worksheet will be completed for each of the 7 responses. This is a Board responsibility and the worksheet will be completed for the next meeting.

9. RFP — Management Information Systems, Executive Director P. Marchand stated that this has been broken down into 2 RFP's, Water Utility Software and Computerized Maintenance Management System. Responses are due 11/14/12. Status report will be ready 11/28/12.

10 BCWA Website, Executive Director P. Marchand stated that she had met with Tim Eagan from Aurora to maintain the website.

Chairman Klepper stated that a short biography is needed from each Director.

Director Allio asked for a timeline for the completion of the project. Executive Director P. Marchand stated that it should be complete for the next meeting.

11. Water Street Project, Executive Director P Marchand stated that BCWA is replacing galvanized water mains at a cost of \$30,000.

12. Franklin Street Cleaning & Lining, Executive Director P. Marchand stated that the project has been completed and a pressure test will be done. Legal Counsel Ms. Sandra Mack stated Series Resolution authorizes BCWA to issue a series of bonds for 10 years at the fixed rate of 1.4%.

The following motion was duly made by Director Sylvia

MOTION: To adopt a Series Resolution in the form presented to the board.

Chairman Klepper seconded the motion.

Motion passed unanimously.

13. Customer Survey, Executive Director P. Marchand stated that this survey is a class project for a RWU. This should be completed by December. The survey must be mailed to all our customers.

Director Allio stated that this survey should be completed before our rate increase for public hearing. Also, the Board should review the questions before they are mailed.

Chairman Klepper stated that other RFP's are more important and this does not have to be completed before the rate increase.

Director Bishop stated that RWU must approve the survey before it is mailed.

Director Allio stated that benchmarks dealing with customer complaints must be done for next year.

14. Customer Education Program, Executive Director P. Marchand stated that our customers will be better informed through news articles concerning rate studies and revenue information. Also, a breakfast will be held with our Board and legislators to discuss BCWA's future.

Chairman Klepper stated that he has received favorable feedback from his monthly report. BCWA should request to be on the Council's agenda for December to discuss the upcoming rate increase.

Upon a motion duly made by Director Allio and seconded by Director Gosselin it was

VOTED: To go into Executive Session, under RIGL 42-46-5(2) to discuss
Litigation — Anawan Reservoir.

All present voted Aye.

The Board entered Executive Session at 8:20 pm.

The Board returned to open session at 8:55 pm

The Chairman made the following motion, which was duly seconded

MOTION: To adjourn the regular meeting.

Motion passed unanimously.

There being no further business, the meeting was adjourned at 9:00 pm.



Kevin Fitta
Secretary

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